

**JYOTI NIVAS COLLEGE AUTONOMOUS  
SYLLABUS FOR 2018 BATCH AND THEREAFTER**

**Programme: B.Com TM.**

**Semester: IV**

**ELEMENTS OF COST ACCOUNTING**

**Course Code: 18BT405**

**No. of Hours: 60**

**COURSE OBJECTIVES:**

“In a competitive environment, an organization can grow and survive only when profit / revenue is earned through increased efficiency and productivity and cost reduction”.

In the light of this, objectives of introducing this paper are summarized follows:

- To make students understand the BASICS of cost accounting, thoroughly.
- To help them understand computation of cost
- To familiarize the tools of Cost Accounting
- To make them understand usage of cost information in decision – making and
- To provide a foundation for those students who pursue advanced courses in the university or professional courses.

**LEARNING OUTCOMES:**

- Understanding the various concepts in relation to a manufacturing environment.
- Ability to fix prices of product produced in an organization.
- Enables the students to use the knowledge in decision making.

**UNIT 1**

**BASICS:**

**12 HRS**

Limitations of Financial Accounting – Meaning and Definition of Cost Accountancy, scope, Objectives, Advantages and limitations of Cost Accounting.

Elements of cost – Cost classification – Expenses excluded from costs – Cost units – Costs of Decision-making- Preparation of cost sheet (excluding preparation of tenders and quotation)

**UNIT 2**

**Materials:**

**16 HRS**

Planning and Storage – Meaning of purchase control – Purchasing department – Centralised and Decentralised Purchasing – Purchase Procedure – Inventory – Stock valuation-Pricing of Receipts- FIFO, LIFO,SAM, WAM( Problems included)

Storage: Functions of stores department – Location and organization of stores – classification and codification – Replenishment of stock – setting stock levels (Problems included) EOQ – Bin card & stores ledger (including Problems).

Pricing of material issues – Methods – Pricing of returns (theory & Problems) – Material Control – Meaning, Objectives and techniques – Concepts and advantages of Just-in-time.

### **UNIT 3**

**Labour:** **05 HRS**

– Motion & Time studies and its merits– Time-booking – Idle-time: Meaning, types, causes and treatment – Overtime: meaning, calculation and treatment – Labour turnover: Meaning, causes, effects & costs.

### **UNIT 4**

**Labour Costs:** **10 HRS**

Remuneration and Incentives – Systems of wage payment – Essentials of a good wage plan – Bonus and Premium Schemes – Essentials and Plans (all included) – Group and collective Bonus plans (only theory). Priestman’s Plan, Scalon Plan, Co-partnership and Profit sharing.

### **UNIT 5**

**Overheads:** **16 HRS**

Definition – classification – Accounting for Factory overheads: Allocation, Apportionment and reapportionment of overheads – criteria for apportionment of overheads – Allocation of service department overheads step method, Reciprocal Method.

Absorption of overheads – Meaning – methods of Absorption (DLC, DLH and MHR).

### **UNIT 6**

**Reconciliation of Cost and Financial Accounts:** **05 HRS**

Meaning – reasons for variations – Preparation of Reconciliation Statement.

**SKILL DEVELOPMENT:**

- Problems on Cost Sheet.
- Documentation relating to materials handling in a company.
- Classification of Overheads in an organization.
- Documentation relating to labour in a company.

**BOOKS FOR REFERENCE:**

1. Lall Nigam B.M. & Sharma G.L :Advanced Cost Accounting – Himalaya Publishing House
2. Man Mohan: Principles of Cost Accounting – Mayoer Paperbacks.
3. Khan M.Y. & Jain P.K: Cost Accounting – Tata McGraw-Hill Publishing Co.
4. Agarwal M.L: Cost Accounting – Principles and Practice – SahityaBhavan Publication
5. Pillai RSN & Bagavathi V: Cost Accounting – S. Chand & Co.
6. Prasad N.K: Cost Accounting
7. Jain & Narang: Cost Accounting & Practical Costing – Kalyani Publications.
8. Arora M.N: Cost Accounting – Himalaya Publishing House.
9. Khanna B.S, Pandey IM, Ahuja GK & Batra SCL: Practical Costing – S. Chand & Co.